

## Message Text

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PAGE 01 KUALA 02285 01 OF 02 120753Z  
ACTION PC-10

INFO OCT-01 EA-07 ISO-00 MMO-01 SP-02 AID-05 IGA-02  
/028 W

-----120909Z 032863 /14-12

P 120615Z APR 77

FM AMEMBASSY KUALA LUMPUR  
TO SECSTATE WASHDC PRIORITY 6837

C O N F I D E N T I A L SECTION 1 OF 2 KUALA LUMPUR 2285

PASS TO PEACE CORPS FOR JOHN DELLENBACH

E.O. 11652: GDS

TAGS: NA

SUBJ: PEACE CORPS PRIORITIES IN MALAYSIA

1. BOB GRAULICH AND HIS STAFF HAVE BRIEFED ME IN DETAIL ON THEIR PLANS FOR THE PEACE CORPS/MALAYSIA PROGRAM IN THE YEARS AHEAD, AND I HAVE STUDIED THE COUNTRY NARRATIVE SUBMITTED TO JOHN ANDREWS UNDER COVER OF A MEMORANDUM DATED MARCH 18, 1977. I THINK BOB HAS DONE AN EXCELLENT JOB IN STRENGTHENING THE PROGRAMMING PROCESS, PRUNING OUT THE DEAD WOOD, AND SETTING NEW PRIORITIES. I HEARTILY ENDORSE HIS DECISION TO REDUCE THE NUMBER OF VOLUNTEERS IN URBAN AREAS, AND GET THE VOLUNTEER INTO THE COUNTRYSIDE WHERE HIS IMPACT IS INTENSIFIED AND THE BROADER PURPOSES OF THE PEACE CORPS ARE BETTER SERVED. THERE ARE, HOWEVER, SOME FUNDAMENTAL POINTS OF DIFFERENCE WHICH I FEEL I SHOULD SHARE WITH YOU.

2. THE PROGRAM SEEMS TO ME TOO MUCH ORIENTED TOWARD ECONOMIC DEVELOPMENT. THE UNITED STATES WOULD, OF COURSE, LIKE TO SEE MALAYSIA'S DEVELOPMENT PLANS SUCCEED, AND WILL BE PLAYING AN IMPORTANT INDIRECT ROLE THROUGH TRADE, INVESTMENT, COMMODITY STABILIZATION SCHEMES, AND THE FUNCTIONING OF THE GSP. MALAYSIA HAS, HOWEVER, ALREADY  
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REACHED A RELATIVELY HIGH LEVEL OF ECONOMIC DEVELOPMENT AND HAS AT ITS DISPOSITION AMPLE RESOURCES. DIRECT U.S. INPUTS INTO THE DEVELOPMENT PROCESS ARE THEREFORE NOT NECESSARY, NOR ARE THEY REQUIRED IN THE BROADER CONTEXT OF U.S. INTERESTS IN THIS COUNTRY.

3. STATISTICS JUST RELEASED BY THE CENTRAL BANK PROVIDE

DRAMATIC EVIDENCE OF MALAYSIA'S RAPID EMERGENCE FROM THE STATUS OF AN UNDERDEVELOPED COUNTRY. IN 1976 IT HAD A RECORD BALANCE OF PAYMENTS SURPLUS OF OVER A BILLION U.S. DOLLARS. TRADE WITH BOTH THE UNITED STATES AND JAPAN WAS SUBSTANTIALLY IN MALAYSIA'S FAVOR. GNP INCREASED 11.3 PERCENT, AND PER CAPITAL GNP INCREASED TO US\$891. MALAYSIA'S RATES OF INFLATION AND UNEMPLOYMENT ARE BELOW THOSE OF THE UNITED STATES. (KUALA LUMPUR TEL 2029 PROVIDES FUTURE ECONOMIC DATA ON THIS THRIVING ECONOMY.)

4. THE COUNTRY REVIEW DISCUSSION OF AGRICULTURE (P.5) AND THE COUNTRY STRATEGY (P. 31) APPEAR TO BE BASED ON INCOMPLETE DATA, AND CONVEY AN INCORRECT SENSE OF URGENCY. HUNGER IS NOT A SIGNIFICANT PROBLEM HERE. FOOD IMPORTS HAVE NOT DOUBLED IN THE PAST FOUR YEARS, BUT HAVE INCREASED ABOUT 70 PERCENT. EXPORTS OF FOOD HAVE INCREASED AT AN EVEN MORE RAPID RATE. IN 1976 FOOD IMPORTS WERE APPROXIMATELY M\$1,566 AND FOOD EXPORTS TOTALED M\$782, FOR A MODEST DEFICIT IN THIS ACCOUNT. MOST OF THE IMPORTS ARE DUE TO AN IMPROVED DIET ARISING FROM A HIGHER STANDARD OF LIVING. THE UNITED STATES IS ACTIVELY SEEKING TO INCREASE MALAYSIA'S PURCHASES OF WHEAT AND FEED GRAINS.

5. THE QUESTION NATURALLY ARISES AS TO WHETHER MALAYSIA HAS PROGRESSED TO THE POINT WHERE A PEACE CORPS PROGRAM IS NO LONGER NEEDED, AND AS A SURROGATE TECHNICAL ASSISTANCE PROGRAM PC/M IS VULNERABLE. IN TERMS OF PEACE CORPS GOALS II AND III, HOWEVER, MALAYSIA CONTINUES TO PROVIDE MANY EXCELLENT OPPORTUNITIES FOR USEFUL AND REWARDING VOLUNTEER  
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SERVICE. WE ARE CLEARLY AT A POINT WHERE PC/M CAN AFFORD TO DEEMPHASIZE GOAL I, AND ORIENT ITS PROGRAM MORE STRONGLY TO GOALS II AND III.

6. IT IS EVIDENT, HOWEVER, THAT THE MALAYSIAN GOVERNMENT SEES PC/M AS ONE OF THE MANY MULTILATERAL AND BILATERAL TECHNICAL ASSISTANCE AGENCIES OPERATING IN THIS COUNTRY. IT IS REFLECTED IN GOM REQUESTS FOR VOLUNTEERS WITH HIGH LEVELS OF PROFESSIONAL AND TECHNICAL SKILLS. OUR EFFORTS TO RESPOND HAVE CREATED SIGNIFICANT PROBLEMS FOR PC/M. TO ILLUSTRATE, THEY ASK FOR FOUR EXPERTS. WE ARE SUCCESSFUL IN PROVIDING ONE. THE GOM HIRES THE OTHER THREE AT THE GOING PROFESSIONAL SALARY LEVEL. THE VOLUNTEER SITS FROM 9 TO 5 IN AN OFFICE WITH THREE OTHERS WHO ARE BEING PAID FIVE TIMES AS MUCH AS HE RECEIVES. HE CANNOT HELP BUT FEEL EXPLOITED.

7. THE MALAYSIAN AGENCY DIRECTOR, OPERATING WITHIN A TIGHT BUDGET, CAN BE EXCUSED FOR ASKING FOR VOLUNTEERS

WHO COME TO HIM FOR TWENTY CENTS ON THE DOLLAR. HOWEVER, AS MALAYSIA CONTINUES TO PROSPER, AND MORE AND MORE OF ITS CITIZENS ARE RETURNING FROM TRAINING ABROAD, THERE IS INCREASING DANGER THAT VOLUNTEERS WILL BECOME IN EFFECT CHEAP LABOR DISPLACING QUALIFIED MALAYSIANS WHO WOULD HAVE TO BE PAID A LIVING WAGE. I AM PERSONALLY AWARE OF A MALAYSIAN SENT BY OUR GOVERNMENT TO THE UNITED STATES AS A FULBRIGHT GRANTEE WHO HAS RETURNED WITH A MASTER'S DEGREE IN CHEMISTRY AND HAS BEEN UNABLE TO FIND EMPLOYMENT EVEN AS A TEACHER, AT A TIME WHEN THE GOM IS ASKING US TO PROVIDE SCIENCE TEACHERS BOTH AT SECONDARY AND TERTIARY LEVELS. I FIND IT EVEN MORE DISTURBING WHEN A VOLUNTEER IS USED AS A PLACE-HOLDER TO FILL A POSITION UNTIL A MALAY CAN BE QUALIFIED, THEREBY DENYING EMPLOYMENT TO A QUALIFIED MALAYSIAN WHO IS NOT A MALAY.

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ACTION PC-10

INFO OCT-01 EA-07 ISO-00 MMO-01 SP-02 AID-05 IGA-02  
/028 W

-----122142Z 043312 /70/12

P 120615Z APR 77 CORRECTED COPY FOR TEXT  
FM AMEMBASSY KUALA LUMPUR  
TO SECSTATE WASHDC PRIORITY 6838

C O N F I D E N T I A L SECTION 2 OF 2 KUALA LUMPUR 2285

C O R R E C T E D C O P Y (TEXT PARA 11, NEXT TO LAST  
LINE THE WORD SHOULD READ "PERIL" VICE "PERIOD")

PASS TO PEACE CORPS FOR JOHN DELLENBACH

8. THE LOW LEVEL OF GOM CONTRIBUTION TO IN-COUNTRY COSTS IS FURTHER EVIDENCE THAT THE GOM REGARDS PC/M AS ESSENTIALLY AN AID-GIVING TECHNICAL ASSISTANCE AGENCY. OUR EFFORTS TO ELICIT HIGHER CONTRIBUTIONS HAVE BEEN ALMOST TOTALLY UNSUCCESSFUL, AND THE PERCENTAGE OF MALAYSIAN CONTRIBUTION CONTINUES TO RUN ABOUT 8 PERCENT. IN ONE INSTANCE A MALAYSIAN AGENCY, PREPARED TO MAKE A HIGHER CONTRIBUTION TO VOLUNTEER LIVING EXPENSES, WAS PREVENTED FROM DOING SO BY THE ECONOMIC PLANNING UNIT (THE COORDINATING AGENCY FOR ALL TECHNICAL ASSISTANCE PROGRAMS) PRESUMABLY BECAUSE IT DID NOT WISH TO SET A

PRECEDENT. (IT IS PERTINENT TO NOTE THAT THE INDONESIAN GOVERNMENT PROVIDES A HIGHER LEVEL OF SUPPORT TO AID LOCAL COSTS IN THAT COUNTRY.) THE DIRECTOR OF THE UNDP HAS TOLD ME OF HIS EQUALLY UNSUCCESSFUL EFFORTS TO PERSUADE THE GOM TO INCREASE ITS VERY NOMINAL CONTRIBUTION TO THE UNDP BUDGET, AND BOTH HE AND THE WHO DIRECTOR HAVE EXPRESSED TO ME PRIVATELY THEIR VIEW THAT THEIR PROGRAMS ARE NOW OPERATING HERE MORE AS A FUNCTION OF MALAYSIA'S CLAIM ON THE RESOURCES OF THE INTERNATIONAL ORGANIZATION THAN ON THE BASIS OF A REAL NEED. I  
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SHOULD NOTE ALSO THAT THE MALAYSIAN GOVERNMENT HAS BEEN TOTALLY UNRESPONSIVE TO OUR REQUEST THAT IT ABIDE BY OUR 1962 AGREEMENT AND REFUND THE TAXES LEVIED ON GASOLINE USED IN OFFICIAL PEACE CORPS VEHICLES.

9. AS A GOVERNMENT-TO-GOVERNMENT PROGRAM, WE MUST OF COURSE OPERATE WITHIN THE GENERAL FRAMEWORK OF MALAYSIAN PRIORITIES. IN MANY INSTANCES WE SHARE THE SAME PRIORITIES. THE THIRD MALAYSIA PLAN, FOR EXAMPLE, SETS AS ONE OF ITS MAJOR GOALS THE ELIMINATION OF POVERTY IN THE RURAL AREAS. THIS WILL CREATE, AS THE COUNTRY STRATEGY POINTS OUT, REWARDING VOLUNTEER OPPORTUNITIES IN THE FIELDS OF HEALTH AND AGRICULTURE. WE NEED NOT, HOWEVER, LET MALAYSIAN PRIORITIES TAKE PRECEDENCE OVER OUR OWN. WE SHOULD PLACE FIRST VOLUNTEER SATISFACTION AND GOALS II AND III, AND PLACE SECOND MALAYSIAN ECONOMIC DEVELOPMENT AND THE TRANSFER OF TECHNICAL SKILLS.

10. EXPRESSED IN SPECIFIC PROGRAMMING TERMS, WE SHOULD:

A. REDUCE OUR EFFORTS TO RECRUIT VOLUNTEERS WITH HIGH LEVELS OF TECHNICAL AND PROFESSIONAL SKILLS, AND DO SO ONLY WHEN THE CIRCUMSTANCES OF EMPLOYMENT ASSURE VOLUNTEER SATISFACTION, AND ARE COMPLETELY FREE OF ANY "SCAB" OVERTONES.

B. REDUCE EVEN FURTHER THE NUMBER OF VOLUNTEERS IN THE FEDERAL CAPITAL. THE PRESENT PLAN ANTICIPATES A REDUCTION FROM THE PRESENT LEVEL OF 50 TO 30 BY 1979. THIS NUMBER IS TOO HIGH. THERE SHOULD BE NO MORE THAN TEN IN KUALA LUMPUR.

C. INCREASE PROPORTIONALLY THE NUMBER OF B.A. GENERALISTS WITH BASIC SKILLS THAT ARE STILL NEEDED IN THE COUNTRYSIDE.  
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11. THIS BRINGS ME TO THE QUESTION OF PC/M SIZE. BOB GRAULICH'S PLANS PROJECT A GROWTH FROM THE PRESENT LEVEL OF AROUND 215 PCV'S TO 280 IN 1979. THIS IS UNACCEPTABLE. TWO HUNDRED AND EIGHTY VOLUNTEERS IN A COUNTRY OF THIS SIZE IS FAR TOO MANY. (IF WE HAD FOLLOWED THE SAME PROPORTION OF PCV TO POPULATION IN INDIA WE WOULD HAVE HAD 9,000 VOLUNTEERS IN THAT COUNTRY.) THE MULTIRACIAL NATURE OF THIS SOCIETY MAKES IT UNUSUALLY RECEPTIVE TO FOREIGNERS, BUT THERE ARE AT THE SAME TIME STRONG CURRENTS OF POPULAR CONCERN THAT YOUNG WESTERNERS BRING WITH THEM HARMFUL SOCIAL AND CULTURAL INFLUENCES. THE DEVELOPMENT-ORIENTED TECHNICIANS IN THE EPU WHO CONSOLIDATE THE REQUESTS FOR PCV'S FROM GOM MINISTRIES AND AGENCIES SEEM OBLIVIOUS TO THESE CURRENTS, BUT WE IGNORE THEM TO THE PERIL BOTH OF THE PEACE CORPS AND BROADER U.S. INTERESTS IN THIS COUNTRY.

12. WE HAVE ALREADY HAD ONE SHARP EXAMPLE OF THIS DANGER. IN THE LATE 1960'S WE RESPONDED UNCRITICALLY TO GOM REQUESTS AND SENT LARGE NUMBERS OF VOLUNTEERS TO SARAWAK. A POLITICO-CULTURAL REJECTION REACTION OCCURRED, AND TODAY IN A STATE ALMOST AS LARGE AS ALL OF PENINSULAR MALAYSIA, ECONOMICALLY BACKWARD AND IN DIRE NEED OF VOLUNTEER SERVICES, THERE IS NOT A SINGLE PEACE CORPS VOLUNTEER.

13. I HAVE, THEREFORE, DECIDED TO ESTABLISH A CEILING OF 200 VOLUNTEERS FOR MALAYSIA AND HAVE DIRECTED GRAULICH TO ADJUST HIS PROGRAMMING TO REACH THIS FIGURE BY JANUARY 1, 1978. EVEN THIS IS A LARGE NUMBER FOR A COUNTRY OF THIS SIZE, AND CARE SHOULD BE TAKEN TO AVOID CONCENTRATIONS OF PCV'S IN INSTITUTIONS OR LOCALITIES.

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14. I HOPE THAT THE RATIONALE FOR THIS DECISION IS EVIDENT FROM THIS MESSAGE, AND I SHOULD BE HAPPY TO EXPAND ON ANY OF THE POINTS IF IT WOULD BE HELPFUL. UNDERHILL

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## Message Attributes

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